

CHENEY SCHOOL DISTRICT No. 360
Spokane County, Washington
September 1, 1994 Through August 31, 1995

Schedule Of Findings

1. Internal Controls Should Be Strengthened For Associated Student Body Cash Receipting

The total revenue for Cheney School District Associated Student Body (ASB) activities for fiscal year 1995 was \$296,402. In our review of ASB cash receipting at Cheney High School, which accounted for 76 percent of total ASB revenues, we found the following internal control weaknesses:

- a. Cash received at athletic events was not reconciled to tickets sold. Without a reconciliation, the district is not able to determine that all revenue is collected and deposited. We noted cash shortages in all athletic events included in the sample of events selected for testing.
- b. Expected revenue for fund raisers was not calculated and reconciled to cash received. The high school had 11 fund raisers. Without an expected revenue calculation and reconciliation, the district is not able to determine if all revenue is deposited.
- c. Athletic event revenue was redistributed to other athletic activities without ASB approval. The ASB was deprived of its right to choose how ASB funds were used.
- d. Revenue received from vendors operating the soft drink, juice, and snack machines was not independently verified. Without a verification, the district is not able to determine that all revenue was received.
- e. The district does not maintain adequate internal controls to account for the sale of ASB cards. Therefore, expected revenue could not be calculated within a reasonable amount for ASB cards. Recorded ASB card revenue was over \$16,000.

Inadequate internal control procedures allow for increased occurrence of errors and omissions. The lack of adequate internal controls greatly increases the potential for misappropriation to occur and not be detected. Without use of adequate internal control procedures fixing responsibility is difficult.

Section III-G-1 of the *Accounting Manual for Public School Districts in the State of Washington* states in part:

An internal control system . . . (should) ensure that resource use is consistent with law, regulation, and policy; that resources are guarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in reports.

We recommend that district officials establish adequate internal control for ASB receipting.

2. Coordination Of Enrollment Between Cheney School District And The Spokane Skills Center Need To Be Improved

Spokane Skills Center is a cooperative activity of several school districts within Spokane County, for which Spokane School District No. 81 is the host. Our review of Spokane Skills Center enrollment records disclosed discrepancies when compared to Cheney School District's records. The error noted was overclaiming of full-time-equivalents for participating students.

Revised Code of Washington 28A.150.400, and the *Washington Administrative Codes* thereunder, require the district to maintain appropriate records which substantiate the accuracy of the district's computations for full-time-equivalent (FTE) student enrollment.

Washington Administrative Code's 392-121-122 defines a full-time-equivalent student.

(e) Secondary (grades 7-12): 25 hours per week, or 5 hours (300 minutes) each scheduled school day.

A student cannot be claimed for more than 1.0 FTE. Based on our testing of all the participating districts, most students were being claimed in combination by the Spokane Skills Center and the resident district as 1.2 FTE. Because we only reviewed a sample of enrollment records, we did not determine a dollar impact of these discrepancies.

We recommend that district officials, in coordination with the Spokane Skills Center, implement written policies and procedures which will ensure the accurate reporting of student enrollment at Cheney School District and the Spokane Skills Center.

3. The District Should Report Staff Mix Correctly And Maintain Adequate Documentation To Support The Reports

Our prior audit of the Legislative Evaluation and Accountability (LEAP) placement for certificated personnel disclosed occurrences of incorrect reporting. In the majority of files we reviewed, employment verifications were not obtained for all years of experience and years of experience were not always correctly calculated.

To ensure that amounts reported are accurate WAC 392-121-280 requires in part:

School districts shall have documentation on file and available for review which substantiates each certificated employee's placement on LEAP Document 1 . . .

Districts shall document years of experience that are eligible for application on the state-wide salary allocation schedule on LEAP Document 1. Documentation for years of experience shall be on letters or any other document that provides evidence of employment including dates of employment.

These errors occurred because district personnel did not adequately verify the employee files or review the accuracy of information reported to the Superintendent of Public Instruction (SPI). Verification of years of experience was difficult because the calculation was not documented. The district has started its review of employee files.

When the district submits erroneous staff mix reports to SPI, the district's apportionment funding may be incorrect.

We recommend that the district continue its review of certificated employee personnel files and obtain any needed documentation to verify and support years of experience reported to SPI.